

Budget, Financial and Management Guidelines

The following policies serve as guidelines and are amended as needed.

General

- An independent audit will be performed annually. The City administration will promptly evaluate the audit management letter to determine the necessary steps to implement the audit recommendations.
- Financial records to be maintained on a basis consistent with Generally Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB).
- The City will strive to maintain a fund balance in the General and Enterprise funds of 25% of personnel services and operating expenditures which serves to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortages or unpredicted spikes in expenditures.
- The City will strive to ensure that personal and operating costs do not exceed recurring revenues; that is, recurring expenses will not be funded with non-recurring revenue.
- It will be the City's highest priority to maintain current service levels for all essential services.
- Employee positions are fully-funded. Annual merit increases have been budgeted organization-wide at 3%. Also, effective October 2, 2008 a 3% across the board increase will be implemented.

Revenues

- The City will strive to maintain diversified revenues for the sake of fiscal stability and to most equitably distribute the cost of services.
- The City will set user-fees for all enterprise funds at a level that fully supports the total direct and indirect cost of the activity.
- A portion of the cost of non-enterprise activities may be considered for subsidy provided that such action is consistent with the interests of the City and with all legal requirements.
- The use of one-time revenues to fund ongoing expenditures is discouraged.

Budget

- The City will abide by a structured budget process and comply with the "Truth in Millage" state statute which regulates taxing authorities in the millage assessment process.
- Budgets are considered balanced when revenues and appropriations from the fund (if applicable) equal expenditures and appropriations to the fund (if applicable).
- The City will adhere to all Federal, State, and local legal requirements related to the operating budget.
- The City will maintain a budgetary control system to ensure budgetary compliance.
- All fund balances will be presented in the annual budget.
- The City will attempt to avoid layoffs of permanent employees in order to balance the budget.

Purchasing

- The City Manager is authorized to purchase or to contract for all commodities and services which do not exceed \$25,000; those in excess require written bids and Commission approval.
- Regarding bids, the City of Winter Springs intends to secure a source of supply for item(s) or services(s) at the lowest price; early and satisfactory manufacture; and prompt, convenient service and shipment.
- Purchase orders over \$5,000 must be approved by the City Manager.
- Purchases for commodities and services over \$2,500 require three quotes unless a sole source vendor is being utilized or the City is piggy-backing off another governmental agency.

Investments and Cash Management

- Cash and investments are managed in accordance with the City's investment policy while providing for liquidity to meet the City's needs in a sound and prudent manner.
- The City administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity, and interest earnings over its cash and investments.
- The City will collect revenues aggressively, including past due bills and may utilize a collection agency to accomplish this.

Capital Assets

- The budget will provide for the maintenance and replacement of capital assets which are defined as expenditures which equal or exceed \$1,000.
- The City has a five-year Capital Improvements Plan (CIP) which it annually reviews and updates to ensure that all necessary capital improvements are being incorporated. This plan is a multi-year prioritized schedule of capital improvements (which equal or exceed \$50,000) by intended year of purchase or commencement, the amount of expenditure per year, method of financing and annual operating costs.
- Assets will be inventoried annually. Assessment as to condition of all major capital assets is routinely evaluated by the respective departments.
- Surplus and obsolete property will be disposed of at public auction.

Debt Management

- There are no limitations placed on the amount of debt the City may issue either by the City's charter, code of ordinances or State statute.
- The City shall manage debt issuance and obligations according to sound public fiscal management principles so that the City is able to provide needed capital improvements and maintain services at adopted levels of service (LOS).
- Debt service - managed to ensure that timely payment of principal and interest is made and that bond covenants are met so as to maximize efficiency and credit-worthiness.
- General obligation debt will not be used to finance the activities of enterprise funds.
- The term of any bonds shall not exceed the useful life of the expenditures being financed.
- Long-term debt will not be utilized to fund current and ongoing operations.

- For long-term debt, the City uses financial advisors independent of bond brokerage houses and independent bond counsel to determine the best method of financing.
- The City will maintain an adequate debt service fund for each bond issue.
- See Debt Service section for a list of criteria for managing debt financing and selecting revenues to finance public facilities.

Pension Plan

- The City's pension plan is a defined benefit plan. A participant who retires after reaching the Normal Retirement Date will receive a monthly pension based on a formula that reflects years of service, average compensation and a benefit multiplier.
- Employees become plan participants on the first day of the month immediately following the date 6 months after the first day of employment.
- The City will provide sufficient funding to the pension plan in order to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.
- For fiscal year 2008, the City will contribute 15% of the employee's compensation with a 3% employee contribution rate.